United Nations A/53/171

General Assembly

Distr.: General
9 July 1998

Original: English

Fifty-third session
Item 115 of the preliminary list*

Review of the efficiency of the administrative and financial functioning of the United Nations

Note by the Secretary-General

The Secretary-General has the honour to transmit to the General Assembly the report of the Joint Inspection Unit entitled "More coherence for enhanced oversight in the United Nations system" (JIU/REP/98/2).

* A/53/50.

98-20070 (E) 130898

JIU/REP/98/2

MORE COHERENCE FOR ENHANCED OVERSIGHT IN THE UNITED NATIONS SYSTEM

Prepared by

Andrzej T. Abraszewski
John D. Fox
Sumihiro Kuyama
Khalil Issa Othman

JOINT INSPECTION UNIT

Geneva
1998

CONTENTS

		Paragraphs	Pages
Acronyms			iii
EXECUTIVE SUMMARY: OBJECTIVE, CONCLUSIONS AND RECOMMENDATIONS			iv
I.	**INTRODUCTION**	1-9	1
II.	**THE CONCEPT OF SHARED RESPONSIBILITY FOR OVERSIGHT**	10-30	3
	The Need for Shared Responsibility	13-16	3
	Oversight Mechanisms Not a Panacea	17-18	4
	The Shared Responsibilities	19-27	4
	Internal and External Oversight	28-30	5
III.	**CURRENT INFRASTRUCTURE OF OVERSIGHT MECHANISMS**	31-69	7
	Internal Oversight Mechanisms	32-53	7
	External Oversight Mechanisms	54-56	11
	Coordination	57-69	12
IV.	**MEASURES FOR MORE COHERENCE IN OVERSIGHT**	70-110	14
	The Need for More Coherence	70- 75	14
	Recommended Measures for More Coherence: Commonality with Uniformity	76-107	15
	Conclusion	108-110	20
Notes			21
Annex: Brief Description of How Internal Oversight is Conducted in United Nations System Organizations			

ACRONYMS

ACABQ	Advisory Committee on Administrative and Budgetary Questions
ACC	Administrative Committee on Coordination
CPC	Committee for Programme and Coordination
FAO	Food and Agriculture Organization of the United Nations
IAEA	International Atomic Energy Agency
IAWGE	Inter-Agency Working Group on Evaluation
ICAO	International Civil Aviation Organization
ILO	International Labour Organisation
IMO	International Maritime Organization
INTOSAI	International Organization of Supreme Audit Institutions
ITC	International Trade Centre
ITU	International Telecommunication Union
JIU	Joint Inspection Unit
OIOS	Office of Internal Oversight Services
RIAS	Representatives of Internal Audit Services of the United Nations Organizations and Multilateral Financial Institutions
SAI	Supreme Audit Institution
UNDP	United Nations Development Programme
UNDCP	United Nations International Drug Control Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCS	United Nations Centre for Human Settlements (Habitat)
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNU	United Nations University
UNOPS	United Nations Office for Project Services
UPU	Universal Postal Union
UNITAR	United Nations Institute for Training and Research
UNRWA	United Nation Relief and Works Agency for Palestine Refugees in the Near East
WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WMO	World Meteorological Organization

EXECUTIVE SUMMARY: Objective, Conclusions, and Recommendations

Objective: To increase the effectiveness of oversight in the United Nations system, for both individual organizations and system-wide.

CONCLUSIONS

A. Oversight is important for the continuing process of change and reform underway in the United Nations system.

B. Oversight is a shared responsibility among Member States, Secretariats and external oversight mechanisms; within the context of shared responsibility, Member States play the essential leading role.

C. Ad hoc and incremental efforts in recent years to strengthen oversight in the United Nations system have had effect for some organizations, but have not addressed an already existing lack of coherence in the oversight infrastructure of the United Nations system, and even have added to it.

D. The perception of oversight in the United Nations system now is marked by:

(1) an over-reliance on oversight mechanisms as the remedy for shortcomings in the performance of United Nations system organizations;

(2) Member State discomfort or dissatisfaction with the current results of oversight in the System overall, and a feeling of "oversight indigestion"; and

(3) concern about a blurring of the classical roles of internal and external oversight.

E. Although both internal and external oversight mechanisms seek to assure the effective and efficient functioning of United Nations system organizations, and use similar methods of data collection and analysis, they are different in nature and composition and it is important to maintain the distinction between them.

(1) Internal oversight is accountable first and foremost to Executive Heads for providing advice on internal control and management practices based on a systematic and independent review of an organization's entire operations; external oversight is accountable to the Member States for providing objective information and advice directly to them regarding the management of the organization.

(2) While more transparency regarding internal oversight is required, internal oversight must be preserved as a critically important tool of Executive Heads for fulfilling their management responsibilities.

F. There is great diversity within the United Nations system regarding the structure and conduct of internal oversight.

G. The structures within organizations for providing internal oversight too often do not assure effective functional coordination of the different elements of internal oversight, namely audit, investigation, inspection, evaluation, and monitoring.

H. In order for Member States to play their essential leading role in the shared responsibility for oversight, they need more information -- in a comparable form -- from the Secretariats of each organization that would allow them to:

(1) understand how each element of internal oversight is being handled in the different organizations;

(2) determine the extent to which Executive Heads are making effective use of internal oversight for fulfilling their management responsibilities;

(3) keep abreast of the status of recommendations, including actions taken -- or not taken -- on them by responsible parties; and

(4) identify issues and problems requiring action by Executive Heads and/or legislative organs.

I. A common understanding of oversight throughout the System would assist Member States in:

(1) considering oversight issues and recommendations in a system-wide perspective that would make oversight more effective for individual organizations and for the System overall;

(2) reviewing issues addressed and accomplishments achieved by the different oversight mechanisms, individually and collectively;

(3) assessing the structure and resource levels

assigned to oversight mechanisms in the different organizations and system-wide; and

(4) judging the overall coherence and effectiveness of the oversight infrastructure, both within each organization and system-wide.

J. Neither a single unified oversight mechanism for the United Nations system overall, nor an identical internal oversight model for all organizations, would be practicable or desirable.

K. The broad scope of United Nations system activities, in terms of substance and geographical location, offers significant opportunities for organizations to learn from each other through more active identification of good practices; possibilities for taking advantage of these opportunities are missed by not making active use of oversight reports as a means for disseminating information about good practices throughout the United Nations system.

RECOMMENDATIONS

1. Agreed Plans for Conducting Internal Oversight

Legislative organs should request the Executive Head of each organization to submit, for approval, an optimal plan for conducting and coordinating all elements of internal oversight, appropriate to the characteristics of his/her organization, and an indication of the related personnel and financial requirements. (See paras. 79-82.)

2. Reporting on Internal Oversight Activities

(a) Legislative organs should request Executive Heads of each organization to submit a consolidated annual summary report on internal oversight activities that concisely provides (i) an overview of the issues addressed and accomplishments achieved; (ii) a record of recommendations made and status of actions taken on them; and (iii) issues or recommendations requiring action by Executive Heads or legislative organs. (See paras. 83-86.)

(b) Legislative organs should decide whether Executive Heads will (i) take responsibility for reports on internal oversight activities or (ii) make such reports available to legislative organs as prepared by the internal oversight mechanisms, together with any separate comments the Executive Heads may deem appropriate. (See paras.87-93.)

(c) Any report of internal oversight mechanisms to a legislative organ should indicate which recommendations the Executive Head believes are for information purposes only and which the Executive Head believes require action by an appropriate legislative organ. (See para. 94.)

3. Highlighting Good Practices

United Nations system internal and external oversight mechanisms should include in their reports to legislative organs a description of good practices identified in the course of their work that other units in the same organization and/or other organizations could find beneficial. (See paras. 95-97.)

4. JIU Analyses of Consolidated Annual Summary Reports on Internal Oversight Activities

Based on its system-wide mandate, the Joint Inspection Unit (JIU) should include in its programme of work, periodically, an overall analysis of the consolidated annual summary reports on internal oversight activities, as called for in Recommendation 2, for the purpose of identifying system-wide issues and problems, as well as good practices that other organizations of the System could find beneficial. (See paras. 98-100.)

5. Fostering a Stronger Professional Oversight Community

United Nations system oversight mechanisms, building on current associations, should seek to establish a more active community for encouraging further networking, information sharing, and professional development. (See paras. 101-104.)

6. More Dialogue Among Oversight Partners

Within the context of shared responsibility for oversight, the oversight mechanisms should seek opportunities to enhance dialogue with representatives of Member States and Secretariats, as needed, in order to be more responsive to concerns about oversight, to foster the role of oversight in the change and reform process, and to assure a fuller understanding of the comparative roles of the different oversight mechanisms. (See paras. 105-107.)

I. INTRODUCTION

> The Secretary-General has reminded Member States that change and reform are processes, not events. That being the case, it is the view of the ACABQ ... that such a process must be managed; a prerequisite for the proper management of change and reform is trust and confidence between the Secretariat and Member States, each of which should play its proper executive and legislative role.
>
> -- Chairman of the Advisory Committee on Administrative and Budgetary Questions before the Fifth Committee of the United Nations General Assembly, 22 October 1997

1. Member States increasingly have called for enhanced oversight in the organizations of the United Nations system. The current emphasis on change and reform in the System, coupled with the need to engender more trust and confidence between Member States and Secretariats, makes enhanced oversight all the more important. This report urges that, in efforts to meet this objective, more attention on coherence in the conduct of oversight is required now.

2. Use of the word "coherence" in this report needs some explanation. In calling for more coherence regarding the conduct of oversight in the United Nations system, the point being made is that oversight should be implemented in a way that makes it more logical and consistent, or easily followed. As indicated in Chapter III, partly due to the way they have evolved, the various elements and mechanisms of oversight in the System are not always congruous or logically connected, which makes the overall functioning of oversight more difficult to follow and understand than it should be. A common or shared understanding of oversight and how it is implemented throughout the System would help in making efforts at enhancing oversight meaningful and effective.

3. While there is a need for more clarity and commonality -- in the sense of shared attributes -- about the way oversight is conducted among United Nations system organizations, this report certainly is not arguing that there should be uniformity in conducting all aspects of oversight throughout the System. In fact, the recommendations in this report were developed carefully to avoid infringing on the separateness and independence of the different organizations, which on balance are of value to the Member States. Also, the call for more coherence is not meant to imply fault with current oversight mechanisms and procedures; in many cases the internal and external oversight mechanisms have been making significant efforts at improvement, but the time has come to ensure more "coherence" in these efforts throughout the System.

4. The report begins with consideration of the concept of oversight. In doing this, it addresses the problem of over-reliance on oversight mechanisms as a panacea for shortcomings in the performance of United Nations system organizations. It then provides a description and analysis of the current oversight infrastructure in the United Nations system organizations. The report concludes with a discussion of the need for more coherence in oversight for the United Nations system and an explanation of the recommendations toward this end in the Executive Summary.

5. A broad range of committees or commissions are referred to as "oversight" mechanisms. However, this report is restricted to those that can be considered "operational" in the sense that they tend to base their analyses and reports on primary data, and generally use the reporting of other organizations mostly for background information. Those that are "operational" would include, therefore, the various internal oversight mechanisms of the organizations -- performing audit, evaluation, inspection, monitoring, and investigation -- and the following external oversight mechanisms: the United Nations Board of Auditors, the external auditors of the Specialized Agencies and IAEA, and JIU. In contrast, the other oversight mechanisms, including especially the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Committee for Programme and Coordination (CPC), could be considered "review" oversight mechanisms since they use to a large extent data collected, analysed and prepared by other organizations, to which they add their own examination and analysis.

6. A further important distinction between the "operational" and "review" mechanisms is their relative location in the final decision-making process. The "operational" oversight mechanisms typically are at the start of the process since they provide the initial information, conclusions and recommendations on which decisions are to be made. The "review"

mechanisms tend to be closer to the end of the process since it is their role to assist Member States in analysing the initial input in coming to a final decision. Rather than getting into the political issues related to the final decision-making, it seemed more appropriate and useful to restrict this report to consideration of those mechanisms responsible for providing the initial objective information to the decision-makers.

7. The scope of this report is system-wide. To prepare it, we (a) performed a structured review of legislative mandates of United Nations system oversight mechanisms; (b) interviewed senior officials in offices/units that are responsible for providing oversight, as well as those administrative, budgetary and programme managers who are subject to oversight; and (c) collected data from United Nations system organizations for all five elements of internal oversight, including resource levels, reporting relationships, coordination mechanisms, and structural relationships. We conducted detailed work and interviews with Secretariat and oversight officials in New York at the United Nations, United Nations Development Programme, United Nations Population Fund, and United Nations Children's Fund; in Geneva at the International Labour Office, World Health Organization, World Meteorological Organization, and World Intellectual Property Organization; in Rome at the Food and Agriculture Organization and World Food Programme; and in Montreal at the International Civil Aviation Organization. This report is an inspection rather than an evaluation; we focused on how the mechanisms are structured and inter-relate rather than on evaluating performance of the mechanisms.

8. The report was developed in response to the increasing interest of the Member States in enhancing oversight in the United Nations system. Further, it reflects specific suggestions from the Secretariats of the United Nations, the International Civil Aviation Organization and the World Meteorological Organization, for a JIU review of issues related to the functioning of oversight mechanisms in the United Nations system. The report builds on two reports issued by the JIU since 1993 that recommended the need for strengthened and improved oversight mechanisms in the United Nations system.[1] A report on internal oversight for United Nations operational funds and programmes was issued last year by the United Nations Office of Internal Oversight Services (OIOS.)[2]

9. We greatly appreciate all the time and effort of the many individuals who so kindly and professionally provided ideas, expertise and information for this report.

II. THE CONCEPT OF SHARED RESPONSIBILITY FOR OVERSIGHT

10. The basis for efforts to enhance oversight in the United Nations system is recognition and understanding of the concept of shared responsibility for oversight. By its nature, effective oversight in the United Nations system requires a partnership among (a) Member States; (b) senior management in the Secretariats, including their internal oversight officials; and (c) the external oversight mechanisms. All three partners have to fulfill their roles in this shared responsibility in order for the oversight function to serve its purpose.

11. The concept of shared responsibility for oversight was given official standing first in regard specifically to JIU in United Nations General Assembly Resolution 50/233 of 7 June 1996. In this resolution, the General Assembly stressed that:

> . . . the impact of the Joint Inspection Unit on the cost-effectiveness of activities within the United Nations system is a shared responsibility of the Member States, the Unit and the secretariats of the participating organizations.

12. The JIU suggested applying the concept to external oversight mechanisms generally in its submission of additional views on the strengthening of external oversight mechanisms to the Fifty-first United Nations General Assembly.[3] Since that time, application of the concept of shared responsibility to oversight as a whole has been increasingly accepted.[4]

The Need for Shared Responsibility

13. Effective oversight increasingly has been associated with promoting good management practices, but its work still involves four basic components:

> (a) identifying inefficiency, ineffectiveness, and non-compliance with relevant rules and regulations in the conduct of United Nations system programmes and activities being undertaken to achieve mandates established by Member States;
>
> (b) recommending appropriate corrective actions when inefficiencies, ineffectiveness and non-compliance with relevant rules and regulations have been identified;
>
> (c) approval of recommendations for corrective action; and
>
> (d) implementing approved recommendations.

14. It is the final two components -- the approval of recommendations for corrective action and the implementation of approved recommendations -- that give meaning and impact to oversight. And it is these components that most require a sharing of responsibility. Only the Secretariats have the executive responsibility for implementing corrective actions, and only Member States have the authority to assure that Secretariats do so.

15. It is the job of oversight mechanisms to identify problems and weaknesses, as well as opportunities for management improvements, and to recommend corrective actions. However, they do not, and cannot, assume operational responsibilities. Doing so, regarding activities subject to their oversight, would undermine their objectivity and independence, which are essential for them to perform their basic function. Doing so also would undermine effective management in the organizations and detract from the proper accountability of Executive Heads for the overall management and administration of their organizations.

16. The point that oversight mechanisms should not assume operational responsibilities is one made clearly, and repeatedly, for auditors in the "Auditing Standards" issued by the Auditing Standards Committee of the International Organization of Supreme Audit Institutions (INTOSAI).[5] The same strictures should apply as well for other oversight professionals who also must have objectivity and independence. Examples of these strictures for auditors include:

> Whatever the form of government, the need for independence and objectivity in audit is vital. (para. 54)
>
> . . . the SAI's [Supreme Audit Institution's] reports assist the executive by drawing attention to deficiencies in administration and recommending improvements. Care should be taken to avoid participation in the executive's functions of the kind that would militate against the SAI's independence and objectivity in the discharge of its mandate. (para. 64)
>
> The SAI should not participate in the management of operations of an audited entity. (para. 78)

> . . . SAI personnel should not engage in any decision making or approval process which is considered the auditee's management responsibility. (para. 80)

Oversight Mechanisms Not a Panacea

17. The requirement of shared responsibility for effective oversight is sometimes overlooked, leading to the misconception that strengthened oversight mechanisms can serve as a panacea for management shortcomings in the operations of United Nations system organizations. The discussion above makes it clear that effective oversight, in the sense of having impact on the operations of United Nations system organizations, cannot be left to the oversight mechanisms alone. The Secretariats and Member States, with the authority to take action and make changes based on policy decisions regarding deficiencies identified, must fulfill their share of responsibility for oversight.

18. An over reliance on oversight mechanisms as a panacea for shortcomings in United Nations system organizations may be fostered by the more pro-active role increasingly being played by oversight mechanisms. They now are giving more attention to their role as advocates of good management through their continuous interaction with management and governing bodies, as well as through specific recommendations to improve the management of programmes. As much as this should be encouraged, the proper limits of oversight mechanisms must be maintained in order to protect their independence which is critical to their capacity to perform their basic function.

The Shared Responsibilities

Member States

19. The Member States play an essential leading role in oversight. This reflects the fact that the ultimate reason for having oversight is to determine whether United Nations system programmes and activities are meeting the objectives established by Member States, who are the intended beneficiaries.

20. This leading role of Member States means that legislative organs must provide the leadership, guidance and targeting required in the oversight process. While external oversight mechanisms have an obligation to identify issues that they believe should be of concern to Member States, the effectiveness of the oversight partnership requires that intergovernmental bodies respond to such suggestions and guide and target the external oversight mechanisms on those issues that are of particular concern to Member States. They also need to devote sufficient time and attention to the reports of the external oversight mechanisms, and to act definitively on their recommendations. Indeed, this is the ultimate driving force for assuring the necessary corrective actions regarding shortcomings that have been identified.

21. Finally, Member States need to make clear to the Secretariats their strong support for the external oversight mechanisms. This would further encourage the Secretariats to take the oversight mechanisms seriously, provide the cooperation they need, and implement the approved recommendations of the oversight mechanisms in good faith.

Secretariats

22. Since Secretariats manage the resources of the organizations in implementing programmes and activities as mandated by the Member States, the senior management in the Secretariats can be described as "the first line of oversight."[6] The starting point in assuring oversight is to use good management practices and properly functioning internal controls.

23. Internal oversight mechanisms, in turn, are needed to assure that the management practices and internal controls are working as they should. As discussed below, the primary function of internal oversight -- as compared to external oversight -- is to assist Executive Heads in fulfilling their management responsibilities, and thus internal oversight officials are an important part of senior management in regard to the shared responsibility for oversight. It is the responsibility of Executive Heads to determine what mix and structure of mechanisms for conducting the elements of internal oversight -- audit, evaluation, inspection, monitoring and investigation -- are required for their organizations.[7] This should reflect their judgement regarding the assistance they need to identify administrative and management shortcomings so that they can take the appropriate corrective actions to assure that the activities and programmes of their organizations are being managed with satisfactory effectiveness and efficiency, and in compliance with relevant rules and regulations.

External Oversight Mechanisms

24. It is the primary responsibility of the United

Nations Board of Auditors, the external auditors of the specialized agencies and IAEA, and JIU to provide to Member States in the appropriate legislative organs objective information, advice, and recommendations regarding the administration and management of United Nations system organizations. They do this by conducting reviews and examinations of organization programmes and activities in full independence of the Secretariats. This allows them to provide reasonable assurance, where appropriate, that internal controls and management practices are working properly, and otherwise recommend corrective actions. By objectively gathering and evaluating evidence, they are able to lend credibility, when warranted, to information reported by management. Their purpose is to support independently legislative organs in their oversight responsibilities, which includes holding the Executive Heads accountable for the administration and management of their organizations.

25. In recognition of the role of senior management in the Secretariats as "the first line of oversight", the Board of Auditors, the other external auditors and JIU also interact directly with the Executive Heads of the organizations. The Board and other external auditors often submit to Executive Heads management letters regarding matters that may arise in conducting audits but need not be included in their reports. The JIU Statute (Article 11.5) also calls for Inspectors to submit to Executive Heads notes and confidential letters regarding matters that come to their attention in their work. Such notes and confidential letters generally relate to matters that the Inspectors believe could be handled by the Executive Heads without action by legislative organs.

26. While the United Nations Board of Auditors, the other external auditors and JIU are charged with drawing attention to deficiencies and recommending corrective actions, it must be remembered that they explicitly serve in only an advisory role and have no executive authority.[8] The responsibility for acting on the recommendations must remain with senior management of the Secretariats, and ultimately with the Member States in the appropriate legislative organs for assuring such action.

Unfulfilled Partnership

27. More is needed from all three partners for oversight in United Nations system organizations to be fully effective. Member States do not always give adequate attention to reports of the external oversight mechanisms, and too often just note the reports rather than take definitive action on the different recommendations. Secretariats sometimes are slow in providing information required for preparation of reports and are delayed in presenting their comments on completed reports, with the result that reports sometimes are not presented to Member States on a timely basis. They also do not always fully implement approved recommendations. The oversight mechanisms do not always either address issues of concern to Member States or make recommendations that are sufficiently timely, realistic, specific, cost-effective, and implementable.

Internal and External Oversight

28. The difference between internal and external oversight mechanisms deserves special attention in considering the concept of oversight and the necessary sharing of responsibility for it. Concern exists about a blurring of the distinction between internal and external oversight mechanisms within the United Nations system, and the need to maintain the distinction between them. This concern has been reflected in successive United Nations General Assembly resolutions. For instance, a preambular paragraph of Resolution 48/218 B of 12 August 1994 states:

> Reaffirming its resolution 48/218 A, in which it emphasizes the need to ensure respect for the separate and distinct roles of internal and external oversight mechanisms, and to strengthen the external oversight mechanisms,

29. It is important to maintain the distinction between internal and external oversight mechanisms because, although they both seek to assure the effective and efficient functioning of United Nations system organizations, and use similar methods of data collection and analysis, they are different in nature and composition and fulfill different roles. As indicated above, internal oversight mechanisms are primarily tools to assist Executive Heads in fulfilling their management responsibilities. They are accountable to Executive Heads for providing advice on internal controls and management practices based on a systematic and independent review of an organization's entire operations.

30. In much the same way that internal oversight mechanisms are a tool of the Executive Heads, external oversight mechanisms are a tool of Member States in the legislative organs. They are accountable to Member States for providing objective information and advice directly to them regarding the management of

organizations. While it is the responsibility of management to develop adequate internal control systems, including internal oversight mechanisms, external oversight mechanisms should assure the proper functioning of these internal controls and submit appropriate recommendations when the internal controls are found to be inadequate or missing.[9]

III. CURRENT INFRASTRUCTURE OF OVERSIGHT MECHANISMS

31. Efforts to enhance oversight in the United Nations system have to take account of the current infrastructure of oversight mechanisms at work in the System. This chapter provides an overview of the internal and the operational external oversight mechanisms, and how they coordinate; it serves as a basis for considering the measures for more coherence presented in the final chapter.

Internal Oversight Mechanisms

Elements of Internal Oversight

32. The primary objective of an internal oversight mechanism for an organization, as indicated in the previous chapter, is to assist its Executive Head in fulfilling his/her management responsibilities by providing advice on the adequacy of internal controls and management practices based on a systematic and independent review of the operations of the entire organization. Within this context, the generally accepted definitions of the elements of internal oversight in the United Nations system are as follows:

a) audit: examine, review and appraise the use of resources of an organization to determine if they are being used economically, efficiently, effectively and in compliance with the applicable rules and regulations in order to ascertain the implementation of approved programmes and legislative mandates, and make recommendations for corrective action or improvements where necessary.

b) evaluation: determine relevance, efficiency, effectiveness, and impact of programmes and activities in relationship to their goals and objectives.

c) inspection: perform an ad hoc on-site review of an organizational unit whenever there are indications that a programme or activity is not being managed effectively or resources not being used efficiently.[10]

d)monitoring: keep track of the actual production of outputs of a programme or activity in comparison with commitments in the approved programme budget, and monitor any changes and modifications to the programme in the course of implementation.

e) investigation: pursue allegations of violations of regulations, rules, or pertinent administrative issuances; mismanagement; misconduct; waste of resources; and abuses of authority.

Great Diversity

33. Despite general, if not complete, agreement on definitions for the internal oversight elements, there is great diversity in the way organizations structure internal oversight. This reflects the fact that the pattern of development of the elements of internal oversight in United Nations system organizations has been an evolutionary one, marked in recent years by ad hoc and incremental efforts to strengthen oversight in the System. The diversity also reflects differences among the organizations such as the (a) management style of the Executive Heads; (b) mandate of organizations; (c) degree of emphasis legislative organs place on strengthening oversight; and (d) size of organizations.

34. The following table depicts for each organization covered in this report which unit, if any, the organizations have reported being responsible for providing the different elements of internal oversight. The table does not reflect any assessment of the performance and outputs of these units. Furthermore, it is not intended to be judgemental; as discussed later, there may be good reason for an organization reporting, as the table indicates, it has no unit assigned responsibility for a specific element. The office or unit titles used in the table are just generic to avoid further complicating the table. The Annex to this report provides a brief narrative describing how each organization handles internal oversight, and indicates the specific office or unit titles for each organization.

SUMMARY OF STRUCTURES FOR INTERNAL OVERSIGHT

		ELEMENTS OF INTERNAL OVERSIGHT				
		AUDIT	INVESTIGATION	INSPECTION	EVALUATION	MONITORING
UNITED NATIONS, SPECIALIZED AGENCIES & IAEA	UN	Internal Oversight Unit (OIOS)				
	ILO	Internal Oversight Unit (Bureau of Programming and Management)[1]				
	FAO	Internal Oversight Unit (Office of the Inspector General)[2]			Internal Evaluation Unit[3]	Various Units
	UNESCO	Internal Oversight Unit (Inspectorate General)			Internal Evaluation Unit	
	ICAO	Internal Oversight Unit (Office of Programmes Evaluation, Audit and Management Review)	No unit reported	No unit reported	Internal Oversight Unit (Office of Programmes Evaluation, Audit and Management Review)	Programme Managers[4]
	WHO	Internal Audit Unit			Internal Evaluation Unit[5]	
	UPU	Internal Audit Unit		No unit reported	Finance Unit	No unit reported
	ITU	Internal Audit Unit			Programme/General Managers	
	WMO	Internal Audit Unit			No unit reported	Programme Managers
	IMO	Internal Audit unit	No unit reported[6]	No unit reported	Internal Evaluation Unit	Programme Managers
	WIPO	Internal Oversight Unit (Office of Internal Oversight and Productivity)				
	UNIDO	Internal Oversight Unit (Office of Internal Oversight)			Internal Evaluation Unit	Monitoring Unit
	IAEA	Internal Audit Unit			Various Units	Various Units
UNITED NATIONS FUNDS AND PROGRAMMES	ITC	OIOS			Office of the Director	
	UNHCS	OIOS	Internal Investigative Panel	OIOS	Internal Evaluation Unit	
	UNDCP	OIOS	Programme Support Service	Programme Support Service & OIOS	Internal Evaluation & Programme Units	Various Units
	UNDP	Internal Audit Unit			Internal Evaluation Unit	
	UNEP	OIOS			Internal Evaluation Unit	Various Units
	UNFPA	Internal Audit Unit (UNDP)			Internal Evaluation Unit	Programme Managers
	UNHCR	OIOS	Internal Inspection/ Evaluation Unit			Programme Managers
	UNICEF	Internal Audit Unit			Internal Evaluation Unit	Various Units
	UNITAR	OIOS			No unit reported[7]	No unit reported
	UNOPS	Internal Audit (UNDP)			Decentralized[8]	Various Units
	UNRWA	Internal Audit Unit (and Board of Inquiry for Investigations)			Programme Managers	
	UNU	OIOS			External Experts	No unit reported
	WFP	Internal Audit Unit	Internal Inspection and Investigation Unit		Internal Evaluation Unit	Programme Managers

Source: United Nations System Organizations

35. **Audit**. The United Nations and all Specialized Agencies and IAEA have internal

---

[1] The Chief Internal Auditor is placed within the Bureau for administrative purposes, but has direct access to the DG and full autonomy.
[2] Inspections also are conducted by the Field Inspector, Inspection Unit.
[3] FAO's central office establishes guidance and serves as the focal point on all evaluation activities conducted by programme divisions.
[4] The Oversight Unit establishes guidance for monitoring, which is conducted by programme managers.
[5] WHO's central evaluation office establishes standards and policy for the evaluations and monitoring conducted by individual programme divisions.
[6] Ad hoc enquiry committee established by Secretary-General as needed.
[7] Evaluations are conducted periodically by bilateral donors. No internal capacity is reported.
[8] Conducted by project/programme funding organizations.

auditors that report directly to the Executive Head of their organization. The same is true for most of the larger United Nations operational funds and programmes that had internal audit units in place prior to the establishment of OIOS in 1994. However, OIOS provides internal audit coverage for the remaining approximate one-half of the funds and programmes which did not have internal audit units of their own prior to the establishment of OIOS.

36. OIOS provides to the General Assembly a summary oversight report, including audit activities, for the United Nations and most of the operational funds and programmes. The UNICEF internal audit unit provides a summary report of audit activities to its Executive Board, as does the UNDP internal audit unit for UNDP, UNFPA, and UNOPS. Approximately one-half of the Specialized Agencies provide summary reports of audit activities to legislative organs, usually as part of the Executive Head's annual report. This represents a significant change in practice since the JIU report issued in 1995, which indicated that no internal audit units were providing reports to legislative organs, except for the then recently initiated OIOS reports for the United Nations.[11] It should be noted that internal auditors generally make individual audit reports available to their respective external auditors who report directly to legislative organs.

37. **Evaluation.** Regarding the United Nations, the Specialized Agencies and IAEA, three-quarters report having an internal evaluation unit, some of which are directly involved in conducting evaluations while others establish evaluation policy and procedures and coordinate/collate results of evaluations conducted by programme managers. For the United Nations operational funds and programmes, most report having their own internal evaluation units, which existed prior to the establishment of OIOS. However, OIOS has performed in-depth evaluations of UNDCP, UNEP, and UNHCR. As for reporting to legislative organs, internal evaluation units traditionally have provided both summary and individual reports, usually through their Executive Heads, and approximately two-thirds do so under current practice.

38. **Monitoring.** For the United Nations, the Specialized Agencies and IAEA, all but one report having some form of a monitoring system in place, with approximately one-third under the direction of a centralized internal monitoring unit.[12] There is great variety among the organizations regarding structural arrangements for monitoring and whether or not the results of monitoring are reported to legislative organs. One Specialized Agency reported having neither a monitoring unit nor a monitoring system. Although two United Nations operational funds and programmes report having neither a monitoring unit nor a monitoring system, the rest conduct monitoring in some manner. However, only two of these report having a distinct unit responsible for establishing monitoring policy and procedures and coordinating/collating results of monitoring conducted by programme managers. OIOS does not conduct monitoring for any of the operational funds and programmes. The monitoring that is reported to legislative organs usually is done through or in the context of reports of the Executive Head.

39. **Inspection.** The United Nations has a central unit in OIOS for conducting inspections. Three-quarters of the Specialized Agencies and IAEA assign responsibility for inspection to their internal auditors, two of which are included within consolidated oversight units covering all five elements of internal oversight. Three Specialized Agencies report no unit responsible for inspection.

40. Five of the larger United Nations operational funds and programmes assign responsibility for inspection to their internal audit units. One has a special unit for inspections and investigations and another has a unit for inspections and evaluations. OIOS performs inspections for the others. The reporting to legislative organs that takes place is included in either reports on internal audit activities or in the OIOS annual report. The two funds and programmes with special units that include inspection do not submit reports to legislative organs.

41. **Investigation**. The United Nations has a unit specifically for investigation, which is part of OIOS. More than three-quarters of the Specialized Agencies and IAEA assign responsibility for investigations to their internal audit units, two of which are included within consolidated oversight units covering all five elements of internal

oversight. Two Specialized Agencies did not report any unit responsible for investigation.

42. About one-third of the United Nations operational funds and programmes, including most of the larger ones, rely on their internal audit unit to provide for investigations. Another one-third rely on a variety of specific units and panels. The remaining one-third rely on OIOS for this purpose. Operational funds and programmes with units responsible for investigations also consult with the Investigations Section of OIOS, as appropriate, as also do some of the Specialized Agencies.

43. Reporting the results of investigations to legislative organs also varies widely. When investigation is included in the responsibilities of the internal audit unit, a summary of these activities usually is included in the unit's annual summary report. When investigations are handled by separate units, there is no consistency in reporting to governing bodies.

Functional Coordination of Internal Oversight within Organizations

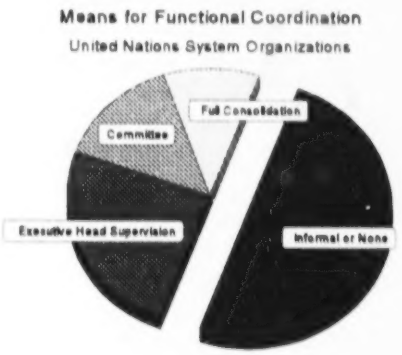
44. Among the organizations of the System there is considerable variation in both the extent to which the working relationships of their internal oversight mechanisms are coordinated and harmonized, and the means used for this purpose. Such functional coordination is important in order to: (a) strengthen the linkages for exchanging and providing information on issues of common concern among the mechanisms; (b) encourage the mechanisms, where appropriate, to take advantage of each other's work and prepare complementary analyses and recommendations; and (c) minimize or prevent duplication and overlap of work.

45. Almost one-half of the organizations have formal means for helping to ensure that functional coordination is taking place. This is done in primarily three different ways: (1) the use of an audit or oversight committee within the secretariat; (2) consolidation of several oversight elements into one office; and (3) direct supervision of oversight elements from the Office of the Executive Head of the organization. The other half have no formal mechanisms for the purpose, which raises questions about the extent to which functional coordination is being achieved.

46. The following pie chart illustrates the proportional distribution among United Nations system organizations of the different means used for functional coordination.

47. **Consolidated oversight office**. An earlier JIU report discussed in detail the advantages of a consolidated oversight office. These advantages include independence, flexibility and responsiveness, improved transparency, increased compliance, enhanced professionalism, economies of scale, visibility and stimulus to management improvement, and focused accountability. [13]

48. Currently, the United Nations, ILO and WIPO



have fully consolidated internal oversight offices including all five elements of internal oversight. [14] However, the majority of United Nations system organizations have consolidated several functions -- typically audit, inspection and investigation -- into one office.

49. While the apparent advantages of consolidating an organization's internal oversight elements into a single office deserve serious consideration, experience in the System demonstrates effective functional coordination also can be achieved by other means, as indicated in the following paragraphs.

50. **Oversight Committee**. Another means used effectively by some organizations, e.g., UNICEF and UNHCR, to facilitate functional coordination is periodic and regular meetings of internal oversight mechanisms to exchange information,

discuss issues of common concern, and develop work programmes collaboratively. In some organizations, the formal title of "oversight committee" or "audit committee" is given to the collective group of internal oversight professionals.

51. In order to ensure the benefits of functional coordination, especially the benefit of providing linkages for sharing information, it is important that all elements of internal oversight be included in such meetings. This would require expanding the traditional audit committee, which typically does not include personnel responsible for the evaluation and monitoring elements.

52. The option of an oversight committee would be especially relevant for organizations that have partially consolidated oversight mechanisms (e.g., audit, inspection and investigation) in order to ensure the inclusion of the other oversight functions (e.g., monitoring and evaluation) in the exchange of information and coordination on issues of common concern.

53. **Supervision by the Executive Head of the organization**. Several organizations achieve functional coordination within the Office of the Executive Head of the organization. Although the individual units are not consolidated, the heads of each internal oversight unit are part of the Office of the Executive Head or report directly to it.

External Oversight Mechanisms

54. The elements of oversight performed by the operational external oversight mechanisms --audit, evaluation, inspection, and investigation--are parallel in definition to those of the internal oversight mechanisms. None of the operational external oversight mechanisms has responsibility for monitoring which is an element unique to internal oversight. Compared to the internal oversight mechanisms, structural arrangements for conducting the elements of external oversight are less complex since relatively fewer mechanisms are involved and each reports independently to the Member States through the appropriate legislative organs.

55. **Audit**. For the United Nations and the United Nations operational funds and programmes, external audit is the responsibility of the United Nations Board of Auditors. The Board consists of three members, each of whom shall be the Auditor-General or officer holding the equivalent title of a Member State. The current members of the Board are the Auditors-General of Ghana, India, and the United Kingdom. The mandate of the United Nations Board of Auditors is twofold, "first, to express an opinion on the financial statements and, second, to make observations with respect to the efficiency of financial procedures, the accounting system, the internal financial controls and in general the administration and management of the Organization."[15] Similar external audit responsibilities for the Specialized Agencies and IAEA currently are shared by the Auditors-General of the countries contained in the following table.

Country of National Auditor	Agency
United Kingdom	ILO, IMO, IAEA
Canada	ICAO, UNESCO
France	FAO, WMO
Germany	UNIDO
South Africa	WHO
Switzerland	ITU, UPU, WIPO

56. **Evaluation, inspection, and investigation**. JIU is the only system-wide external oversight mechanism responsible for conducting evaluations, inspections and investigations. According to Article 5 of the JIU Statute, the Unit "shall provide an independent view through inspection and evaluation aimed at improving management and methods and at achieving greater co-ordination between organizations."[16] The Unit has "the broadest powers of investigation in all matters having a bearing on the efficiency of services and the proper use of funds." The Unit has focused primarily on conducting inspections and evaluations. While conducting individual investigations could be appropriate in special instances, the Unit's investigations mandate is met more effectively by assuring legislative organs that the internal investigation function in their organizations is working effectively and if not, communicating this to them. For the United Nations, the Board of

Auditors has the mandate to bring to the notice of the General Assembly cases of fraud or presumptive fraud, and wasteful or improper expenditures;[17] other external auditors have a similar mandate for reporting to their legislative organs.

Coordination

Coordination Between External and Internal Oversight Mechanisms Within Each Organization

57. Within each organization, coordination between external and internal oversight mechanisms varies for each element of oversight. For the United Nations, the Board of Auditors, JIU, and OIOS recently have initiated periodic consultations to assure more effective coordination.

58. **Audit**. In the case of the United Nations, the Board of Auditors and OIOS coordinate through bi-monthly meetings with a view to minimizing duplication in their respective work programmes and to exchanging information that may help each other determine the scope of specific projects. They also exchange management letters and reports, as well as notification of planned audit visits to avoid duplication. In preparing its reports, the Board, as appropriate, takes advantage of the work of OIOS auditors and provides comments on OIOS reports. The Board also has established working relationships with internal audit units of the United Nations funds and programmes, such as UNICEF and UNDP, but more so on an ad hoc basis.

59. Among the Specialized Agencies and IAEA, much the same practice is followed. The extent to which external auditors make use of the work of internal auditors depends on the organization.

60. On strictly audit matters, there is no reason for JIU to coordinate closely with the internal audit units of United Nations system organizations since it is not in the Unit's mandate to perform audits. Nevertheless, Inspectors attend the annual meeting of Representatives of Internal Audit Services of the United Nations Organizations and Multilateral Financial Institutions (RIAS), and they often will consult with the relevant internal audit units to gain their perspective on an issue to be included in a JIU report.

61. **Evaluation**. JIU is the external oversight mechanism with a system-wide mandate for evaluation. The periodic meetings mentioned above of JIU with OIOS, in conjunction with the United Nations Board of Auditors, are an opportunity to consult and coordinate on evaluation matters since evaluation is included in the mandates for both OIOS and JIU. There are no other structured arrangements for coordination on specific evaluation matters between JIU and the individual internal evaluation units of the different organizations in the System. Nevertheless, JIU representatives do participate in the annual meetings of the Inter-Agency Working Group on Evaluation (IAWGE), which provides an opportunity for exchanging views and staying informed on evaluation developments generally in the System.

62. **Monitoring**. Monitoring is uniquely an element of internal oversight and has no external oversight counterpart, as indicated in para. 54.

63. **Inspection**. For inspections, JIU is again the external oversight mechanism with a relevant system-wide mandate. As mentioned above, the periodic meetings of JIU with OIOS, in conjunction with the United Nations Board of Auditors, also provide opportunity for JIU and OIOS to consult and coordinate on inspections which is in both of their mandates. There currently are no other structured arrangements for coordination between JIU and internal inspection units.

64. **Investigation**. While JIU is the external oversight mechanism with a system-wide mandate for investigations, there are no structured arrangements for coordination between JIU and those units responsible for investigation in each of the organizations of the System. This is due to the need for confidentiality in conducting specific investigations and the limited role of JIU regarding the conduct of specific investigations, noted previously. Nevertheless, the periodic meetings of JIU with OIOS mentioned above provide an opportunity for consulting, as appropriate, on the issue of investigations generally within the United Nations.

Coordination Among External Oversight

Mechanisms

65. The Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency serves as a coordination mechanism among the external auditors of the United Nations system. Members of the Panel include the members of the United Nations Board of Auditors and all external auditors of the Specialized Agencies and IAEA. The purpose of the Panel is to further the coordination of the audits conducted by its members and to exchange information on methods and findings. The Panel meets regularly every year. As audit is not a part of the JIU mandate, it is not a member of the Panel, but the Unit can be invited to discuss issues of common interest, as was the case when the preliminary results of this report were presented to the Panel in December 1997.

66. JIU and the United Nations Board of Auditors regularly exchange work programmes and reports. The previously noted periodic meetings of JIU with the Board, as well as OIOS, provide a forum for coordination between the Unit and the Board and a sharing of views regarding issues of common concern.

Professional Oversight Fora

67. There currently are three principal fora to facilitate professional coordination among personnel responsible for oversight within the United Nations system:

- Panel of External Auditors of the United Nations, the Specialized Agencies and the International Atomic Energy Agency;
- Representatives of Internal Audit Services of the United Nations Organizations and Multilateral Financial Institutions (RIAS); and
- Inter-Agency Working Group on Evaluation (IAWGE).

68. While both of the latter two are composed of internal oversight officials, representatives of the United Nations Board of Auditors, the Panel of External Auditors, and JIU attend the RIAS meetings as observers, and JIU representatives also participate in IAWGE meetings. These two groups meet annually.[18] In addition to the RIAS meetings, there are other less structured arrangements for auditors serving much the same purpose, such as an occasional gathering of officials of the internal audit units of the Geneva-based organizations. By serving to facilitate the exchange of information, the comparison and examination of methodologies, and the development of standards and guidelines, these fora provide important means for improving the quality of working methods, and advancing the professionalism of oversight in the United Nations system. They do not get involved in the coordination of work programmes and timetables, this being done as discussed above.

69. There are currently no structured arrangements to facilitate similar relationships among internal oversight mechanisms involved in monitoring, inspection or investigation. However, reflecting the fact that an increasing number of internal audit units are responsible for conducting investigations, consideration of investigations was included in the RIAS agenda for 1998.

IV. MEASURES FOR MORE COHERENCE IN OVERSIGHT

The Need for More Coherence

70. The overview in the preceding chapter demonstrates that key areas of internal oversight have been strengthened in recent years with more oversight elements being addressed either by expanding the mandates of existing internal oversight units -- e.g., internal audit units taking on responsibility for inspections and investigations -- or by establishing new internal oversight units. Along with the established practice of issuing internal evaluation reports to legislative organs, there also has been increased reporting on other internal oversight activities, primarily audit and inspection. There has been no corresponding strengthening of external oversight mechanisms, although there have been some efforts at improved coordination as noted.

71. Despite the strengthening achieved, there remains a sense of discomfort or dissatisfaction among Member States regarding oversight within the System overall, if not within each organization.[19] This impacts on Executive Heads and the oversight community.

72. Member States do not have confidence that oversight mechanisms, collectively, are providing added-value and the assurance desired that activities and programmes of United Nations system organizations are being managed efficiently and effectively, and achieving the objectives Member States have established. Member States want "more" from the oversight machinery but too often do not understand or make good use of oversight findings. In fact, some Member States have "oversight indigestion" and are not able to cope with the flood of oversight reports they now get; the "more" that they want is more quality and relevance of oversight reporting, not more reports.[20]

73. In terms of impact on Executive Heads, the concern of Member States about the adequacy of oversight reports for identifying Secretariat shortcomings can be an important factor leading to micro-management. It also can lead to increasing demands from Member States for more and strengthened internal oversight units, usually to be accomplished without increased resources. In the extreme, these demands can result in converting internal oversight mechanisms into an internal "corporate police" intended to serve primarily as a check on Secretariat officials rather than as an important internal management tool to assist Executive Heads in executing their management responsibilities. The impact on oversight mechanisms is pressure from both Member States and Executive Heads to do more with less resources, inadequate cooperation from Secretariat officials in preparing oversight reports, and lack of attention to reports and definitive action on them by Member States.

74. Correcting this situation requires that more attention at this stage be paid to coherence in the overall conduct of oversight in the System. While new mechanisms still may have to be created and existing ones strengthened, priority should be placed now on making the conduct of oversight more coherent in the sense of making it more logical and consistent, or easily followed. The effectiveness of oversight ultimately depends on it meeting, in a readily comprehensible manner, the needs of its clientele, Member States and, also, Executive Heads. With more coherence and commonality -- or shared attributes -- in United Nations system oversight, Member States would be better able to make comparisons of oversight findings and recommendations from one organization to another. They also would have a better understanding of oversight to assist them in assessing oversight activities and evaluating structures and resource levels assigned to the mechanisms.

75. This improved capacity to assess the effectiveness of, and structures for, conducting oversight would allow Member States to have more comfort and confidence regarding oversight in the United Nations system. And more confidence in the oversight process would be a basis for rebuilding the trust and confidence between Secretariats and Member States that is required for managing properly the change and reform now facing the United Nations system. This, in turn, would help to reduce the tendency toward micro-management which can result from the current lack of full trust between Member States and Secretariats, as well as

relieve Executive Heads of demands from Member States for more reporting and more oversight.

Recommended Measures for More Coherence: Commonality without Uniformity

76. In seeking more coherence for oversight in the United Nations system, an obvious -- but ultimately impracticable and undesirable -- possibility would be to establish a single unified oversight mechanism with a mandate including all organizations of the System. This would appear to assure that oversight elements are conducted in a fully consistent manner throughout the System based on common terms of reference and standards. However, it would be impracticable in view of the legal autonomy of the Specialized Agencies and IAEA. Furthermore, it would not be desirable in view of the benefits of preserving the distinct character of each of the Specialized Agencies and IAEA, as well the United Nations operational funds and programmes.

77. There are means well short of a single unified oversight mechanism for the System as a whole that still would provide sufficient commonality for the increased coherence that is needed in conducting oversight among the organizations of the System. Experience demonstrates that efforts at change and improvement in the United Nations system are realistic only when they allow for adaptation to the special qualities of the different organizations in the System. With this in mind, the measures recommended in the Executive Summary and discussed in the following paragraphs are intended to help give the practice of oversight among the organizations of the System more coherence and foster a common understanding of oversight. The recommendations would do this without directly infringing on the separate and individual characteristics, practices, and traditions of the different organizations which are highly valued by the Member States; they would establish a commonality in implementing oversight without imposing uniformity.

78. The report's recommendations are fully stated in the Executive Summary. These recommendations and the reasoning behind them are discussed in the following paragraphs.

Recommendation 1: Agreed Plans for Conducting Internal Oversight

79. If senior management is the first line in oversight, as indicated in Chapter II, then internal oversight mechanisms are the second since their primary function is to assist senior management in fulfilling their management responsibilities. Chapter III pointed out the great diversity in structural arrangements for conducting the different elements of internal oversight that exists in the United Nations system. While there often are good reasons for this diversity, it adds to the lack of full coherence in oversight for the System and makes it difficult for Member States to make comparisons regarding oversight issues and practices from one organization to another. The lack of comparability regarding internal oversight arrangements among organizations also makes it difficult for Secretariat officials to share information and take full advantage of lessons learned in other organizations.

80. Chapter III also pointed out the need for assuring effective functional coordination in conducting all of the elements of internal oversight. In view of the distinct character of each of the organizations of the System, it would be counterproductive to call for the same internal oversight model for all organizations. Clearly this is not a case where "one size fits all." As discussed in Chapter III, various options for accomplishing functional integration of the elements of internal oversight include a consolidated oversight office, the use of an oversight committee, and supervision of internal oversight by the Office of the Executive Head. Such options, or combinations of them, would not infringe on the legal autonomy of the different organizations and would allow adaptation to the specific characteristics of each organization that should be respected. Experience in the System shows various options can be effective.

81. More important than the specific option chosen for structuring and conducting internal oversight in an organization is the need for the Executive Head of the organization and its Member States to come to an agreed and explicit understanding on the matter. This is the purpose of Recommendation 1 which calls for agreed plans on conducting internal oversight in each of the organizations of the System. Such an agreed plan should address how all five elements of internal

oversight would be handled for an organization. In the event that an Executive Head believes an organization does not need, or cannot afford, a full capacity for conducting a specific element, the reasons for this should be made clear and explicit, and be subject to approval by the Member States. What counts is that there be full transparency about the issue so that Member States have the capacity for making a well informed decision on it.

82. Achieving such agreed plans consistently for each organization would help to give Member States more confidence in the effectiveness and comprehensiveness of oversight for each organization and for the System as a whole. Having such agreed plans worked out in terms of addressing each of the five elements of internal oversight, while not imposing the same model on all organizations, would help to assure more congruence regarding the elements of oversight so it would be easier for Member States to make comparisons from one organization to another. It also would assist Secretariats in sharing information and learning lessons from other organizations about the implementation of the different elements.

Recommendation 2: Reporting on Internal Oversight Activities

83. Reporting to legislative organs on at least some aspects of internal oversight is not new for the United Nations system. Internal evaluation reports long have been provided to legislative organs. In recent years, annual summary reports on other elements of internal oversight, audit and inspection especially, increasingly have been made available to legislative organs. However, these reports currently lack commonality in substance, format, and comprehensiveness, and only OIOS of the United Nations has been providing fully consolidated annual summary reports that cover all five elements of internal oversight.

84. As a result, the partial and inconsistent reporting on internal oversight activities does not give to Member States a good basis for making comparisons among organizations regarding the handling of different issues being addressed in the organizations of the System -- e.g., emergency field operations -- and for making inquiries of Secretariats about such issues in view of experiences in other organizations. Additionally, the current status of reporting on internal oversight activities reduces the ability of Secretariats to share experiences and learn lessons from each other.

85. Recommendation 2 calls for Executive Heads to make available to the appropriate legislative organs consolidated annual summary reports on internal oversight activities that would provide for each organization (a) an overview of the issues addressed and the accomplishments achieved; (b) a record of recommendations made and the status of actions taken on them; and (c) issues or recommendations requiring action by Executive Heads or legislative organs. Addressing each of these areas in terms of the five elements of internal oversight would give the reports a sufficiently common format so that experiences of one organization could be compared more easily with those of others, by both Member States and Secretariats. Recommendation 4, discussed below, would assist in making use of these reports.

86. The information gained from such consolidated annual summary reports would significantly improve the capacity of Member States to fulfill their important share of responsibility for oversight in the United Nations system by assisting them in:

- determining how well and the extent to which Executive Heads are making effective use of internal oversight for fulfilling their management responsibilities;
- assessing the structure of and resource levels allocated to internal oversight units;
- monitoring oversight issues addressed and accomplishments achieved by organizations;
- staying abreast of the status of oversight recommendations, including actions taken -- or not taken -- on them;
- identifying issues and problems requiring action by Executive Heads or legislative organs;
- making comparisons of how similar issues are handled, or not handled, in different

organizations and system-wide; and

- judging the overall coherence and effectiveness of the internal oversight infrastructure, both within each organization and system-wide.

87. Recommendation 2 also calls for legislative organs to decide whether Executive Heads will (a) take responsibility for such reports or (b) make the consolidated annual summary reports available to legislative organs as they are prepared by the internal oversight mechanisms.
If the latter option is chosen, separate comments on the reports that the Executive Heads may deem appropriate would be submitted along with them.

88. These options are presented because of concerns that direct access to the legislative organs by internal oversight mechanisms threatens to blur the distinction between internal and external oversight, to compromise the accountability of internal oversight mechanisms to Executive Heads, and to undermine the ultimate accountability to Member States of the Executive Heads for the management and administration of their organizations.

89. These are serious concerns that deserve attention. As discussed in Chapter II, the distinction between internal and external oversight is important and should be maintained.

90. It also could be argued that the issuance of the consolidated annual summary reports, as prepared by the internal oversight mechanisms without alteration by Executive Heads, would not have the negative effect feared by some due to the intended objective and content of the reports. Senior internal oversight officials who currently submit annual summary reports to their respective legislative organs indicated, in interviews for this report, their belief that such reporting has not transformed them into de facto external oversight officials -- their primary allegiance to their Executive Heads is not questioned. The proposed consolidated annual summary reports would differ from individual internal oversight reports in both objective and content.

91. In terms of objective, the summary reports would be provided to legislative organs for information purposes and not usually call for specific actions; the necessary corrective actions normally would have been taken by the Executive Head or be underway. This is in contrast to individual internal oversight reports that clearly are action documents addressed to Secretariat officials in the best position to take the appropriate corrective actions.

92. In terms of content, the summary reports would provide only an overview of the status of internal oversight activities within the organizations, including an indication of those unique cases requiring action by Executive Heads or legislative organs. In contrast, individual internal oversight reports include the details that are necessary to identify problems and propose solutions convincingly, regarding specific instances in an organization's operations.

93. Thus, this argument would hold that rather than blur the distinction between internal and external oversight, these reports would emphasize the distinction between them. Compared to external oversight reports addressed to Member States for action, these reports clearly would be primarily for informing Member States on the status of internal oversight activities within the organizations. Having the summary reports issued without change by the Executive Heads would help to enhance the independence of the internal oversight officials within the Secretariats, consistent with the Standards for the Professional Practice of Internal Auditing promulgated by the Institute of Internal Auditors.[21] This would not bring into question their accountability to the Executive Heads since their primary function would continue to be that of serving as an internal management tool of the Executive Heads, as confirmed by interviews with senior United Nations system internal oversight officials. In view of this, it can be argued there is no reason to believe that the issuance of these reports would displace the full accountability of Executive Heads to the Member States for the management and administration of their organizations.

94. Reports of internal oversight mechanisms to a legislative organ should indicate which of their recommendations the Executive Head believes are

for information purposes only and which the Executive Head believes require action by an appropriate legislative organ. This would help clarify how Member States should consider such reports.

Recommendation 3: Highlighting Good Practices

95. Moving beyond assuring compliance and serving the police function of identifying fraud, there is a growing emphasis in oversight on becoming more proactive in facilitating management improvements and fostering a more vigorous accountability culture.

96. One important area for this more proactive role of oversight -- especially in the United Nations system -- is that of identifying good practices, i.e., processes, practices, and systems that are widely recognized as improving an organization's performance and efficiency. Oversight mechanisms are playing an increasingly greater role in reform efforts of the System, which put them in a good position for identifying initiatives that result in increased efficiency and effectiveness, and for analysing the reasons for the success of these initiatives. Recommendation 3 calls for United Nations system internal and external oversight units to include in their reports an indication of good practices that they have identified in the course of their work which could be of benefit to other units in the same organization and/or other organizations in the System.

97. This would be especially useful in the United Nations system because the broad range of programmes and geographic areas covered by United Nations system activities offers significant opportunities for different organizations to learn from each other. More identification of good practices and taking advantage of them, would foster a culture of more openness and cooperation among organizations.

Recommendation 4: JIU Analyses of Consolidated Annual Summary Reports on Internal Oversight Activities

98. Recommendation 4 calls for JIU periodically to include in its programme of work an overall analysis of the consolidated annual summary reports on internal oversight activities of the different organizations that would result from approval of Recommendation 2.

99. Drawing on the Unit's system-wide perspective, these analyses would identify problems or issues, both within specific organizations and system-wide, about which Member States may want to seek further information and consideration from Executive Heads and/or external oversight mechanisms. They also would serve to facilitate dissemination of information about good practices by calling attention to reported instances of the successful handling of issues or problems that could be of benefit to other organizations.

100. By combining into a single document an overall review and analysis of the consolidated annual summary reports from each of the organizations of the System, JIU analyses would assist Member States in fulfilling their share of responsibility for oversight and also help reduce the "oversight indigestion" experienced by Member States.

Recommendation 5: Fostering a Stronger Professional Oversight Community

101. Growing Member State expectations for increased effectiveness and efficiency from oversight mechanisms, coupled with the scarcity of resources, has led oversight professionals in the System to explore new ways for increasing productivity and coverage.

102. Increasingly, a professional community is developing among those United Nations system officials responsible for audit, and more recently, evaluation. The annual meetings of the RIAS, the IAWGE, and the Panel of External Auditors have been instrumental in this regard. However, opportunities for further enhancing the sharing of data, information, working methods and ideas -- and extending this practice to other elements of oversight -- should be encouraged. This is the purpose of Recommendation 5.

103. Examples of specific initiatives that could result from a more effective community of oversight professionals would include:

- Subject to requirements for confidentiality, the development of shared databases, including methodologies, common data, recommendations, and accomplishments which could improve overall quality and consistency of oversight work.

- The exchange or posting of work programmes and mission schedules, where appropriate, which would assist in avoiding duplication and overlap, and in creating opportunities for collaborative/ complementary projects. As noted, JIU, the United Nations Board of Auditors, and OIOS recently have initiated procedures for regular consultations toward this end.

- Joint training and exchanges of personnel among oversight mechanisms which would allow for economies of scale, take advantage of experiences gained in other organizations, and foster more system-wide awareness.

- Following the example set by RIAS and the Panel of External Auditors for internal and external audit, the formulation of common terms of reference and standards for the other elements of oversight which would assist Member States in making comparisons among organizations regarding non-audit oversight analyses and findings, and also reassure staff about a perceived lack of transparency regarding oversight to which they may be subject.[22]

104. Greater use of modern information technology could be a most effective means for fostering a stronger community of oversight professionals. Although increasing numbers of United Nations system organizations are using their own home pages on the INTERNET for disseminating information that once was available only in hard copy, most United Nations system internal and external oversight mechanisms do not maintain home pages and are not making extensive use of the home pages of their organizations. However, OIOS and ILO do maintain websites with information on oversight activities generally; UNDP and UNICEF maintain websites for evaluation activities. The World Bank maintains an INTERNET website called "The Global Auditor," which allows for exchanges among auditors of the System, but it is limited to audit and requires a pass-word for access to it. More effective use of information technology by oversight mechanisms would facilitate dissemination of the outputs of oversight work, make it more transparent and help to stimulate more active sharing of the responsibility for oversight.

Recommendation 6: More Dialogue Among Oversight Partners

105. Chapter II made the point that oversight in the United Nations system is a shared responsibility requiring an active partnership among (a) Member States; (b) senior management in the Secretariats, including their internal oversight officials; and (c) the external oversight mechanisms. All three partners have to fulfill their roles in order for oversight to be effective. In particular, there must not be an over-reliance on the oversight mechanisms, neither external nor internal, as a panacea for correcting shortcomings in the United Nations organizations.

106. Efforts by the oversight mechanisms toward more dialogue with Member States and Secretariats on oversight issues and practices would encourage more active sharing in the responsibility for oversight. This is what is called for by Recommendation 6.

107. Increased dialogue among the partners would add to mutual understanding and awareness of oversight processes, of concerns to be addressed, and of relationships among the different roles of the oversight mechanisms. Establishing a culture of open dialogue among the partners of the oversight process would be important for maintaining informed interest in oversight and for assuring the continued accountability of oversight mechanisms.

Conclusion

108. The United Nations system is in a difficult period of change and reform, the difficulty of which has been compounded by an insufficient trust and confidence between Member States and Secretariats. As suggested in the statement of the Chairman of ACABQ quoted at the opening of Chapter I of this report, properly managing this process of change and reform requires rebuilding a

sense of trust and confidence between Member States and Secretariats, with each playing their proper legislative and executive roles. Enhanced oversight for the System could be an important means toward this end by giving Member States more assurance that the administration and management of the organizations are being reviewed professionally which, in turn, would help to reduce the disabling practice of micro-management.

109. The starting point for achieving enhanced oversight is to focus on the coherence of oversight within the United Nations system so that all three partners will play their necessary roles in the shared responsibility for it. In summary form, the measures recommended for more coherence of oversight in the System are the following:

- Agreed plans for conducting internal oversight to give Member States more awareness/assurance that the different elements of oversight are being adequately covered, or why they are not in a specific organization, without imposing a specific structural arrangement on any organization.

- Reporting on internal oversight activities to help Member States make comparisons among organizations of the System and take advantage of lessons learned from others.
- Highlighting good practices in oversight reports to encourage more system-wide sharing, cooperation, and use of lessons learned, as well as to draw attention to successes in United Nations system operations.

- JIU analyses of the consolidated annual summary reports on internal oversight activities to put the reports in a system-wide perspective and assist in using them for identifying system-wide problems and good practices.

- Fostering a stronger professional oversight community to further strengthen the professionalism of oversight officials, encourage more complementarity of efforts, achieve efficiencies in implementing oversight, and avoid overlap and duplication among oversight mechanisms.

- More dialogue among oversight partners to increase awareness of oversight processes and the need for active participation of all three partners, and to enhance the effectiveness of the conduct of oversight which would help reduce micro-management.

110. Implementation of these measures, by making oversight in the United Nations system more coherent, would assist in rebuilding the sense of trust and confidence among Member States and Secretariats that is required for success in managing the process of change and reform now facing the United Nations system.

NOTES

[1] "Accountability and oversight in the United Nations Secretariat" (JIU/REP/93/5), reproduced in A/48/420 and Add. 1/Corr.1. "Accountability, management improvement, and oversight in the United Nations system" (JIU/REP/95/2), reproduced in A/50/503.

[2] "Enhancing the internal oversight mechanisms in operational funds and programmes" (A/51/801).

[3] Document A/51/674.

[4] The Latin America and Caribbean Group endorsed the content of the JIU note (A/51/674) in a paper entitled, "United Nations system oversight mechanisms" (26 March 1997). Shared responsibility for oversight generally was an agreed conclusion at a symposium on oversight in the United Nations organizations in Montreux, Switzerland, 9-10 October 1997, organized by the Swiss Federal Department of Foreign Affairs.

[5] "Auditing Standards", Auditing Standards Committee, International Organization of Supreme Audit Institutions, June 1992.

[6] As stated by United Nations Under-Secretary-General Joseph E. Connor at the Montreux symposium on oversight in United Nations organizations, cited above.

[7] See discussion of these elements in Chapter III (paras. 32-53 below) and of developing agreed plans for conducting internal oversight in Chapter IV (paras. 79-82 below).

[8] Article 5.5 of the Joint Inspection Unit Statute states that the Inspectors "shall not, however, have the power of decision, nor shall they interfere in the operations of the services they inspect." United Nations General Assembly resolution 74 (I) of 7 December 1946, which established the United Nations Board of Auditors, states that "The Auditors shall have no power to disallow items in the accounts, but shall recommend to the Secretary-General for appropriate action such disallowances the Board is prepared to recommend to the General Assembly . . ." (para. (h) (x)).

[9] See para. 31 in the "Auditing Standards" (note 5 above) that states, "It is the responsibility of the audited entity to develop adequate internal control systems to protect its resources. It is not the auditor's responsibility. . . .However, this does not relieve the auditor from submitting proposals and recommendations to the audited entity where controls are found to be inadequate or missing."

[10] An alternative definition for inspection is used by UNHCR that is more oriented toward management reviews of specific field offices and regions according to a pre-arranged timetable and work programme. This is more in line with the systematic and regular reviews conducted in the various Foreign Services of many Member States.

[11] JIU/REP/95/2 (note 1 above), para. 27.

[12] In the United Nations, as outlined in article V of "Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget , the Monitoring of Implementation and the Methods of Evaluation" (ST/SGB/PPBME/Rules/1(1987)), management has the primary responsibility for monitoring and establishing monitoring systems. A central oversight unit is responsible for reporting.

[13] JIU/REP/93/5 (note 1 above), paras. 153-164.

[14] While ILO and WIPO consolidate the supervision of all five elements of internal oversight in one office, that office also has operational responsibilities unlike the case for OIOS in the United Nations.

[15] "Review of the Efficiency of the Administrative and Financial Functioning of the United Nations" (A/49/633, para. 8).

[16] Joint Inspection Unit Statute, United Nations, Geneva, 1978.

[17] Annex to the Financial Regulations, Financial Regulations and Rules of the United Nations (ST/SGB/Financial Rules/1/Rev.3 (1985)), paras. 6 (c) (i) and (ii).

[18] There was no IAWGE meeting in 1997 due to new assignments for its leadership, but the IAWGE met in June 1998.

[19] This point was reflected in the paper cited above in note 4. This also was reflected in discussions by representatives of Member States at the Montreux symposium on oversight in the United Nations organizations, cited above (ibid.).

[20] The concern about Member States not making good use of oversight findings and their "oversight indigestion", i.e., their need for more quality and relevance in oversight reports rather than more reports, was expressed at the Montreux symposium on oversight in the United Nations organizations cited above in note 4.

[21] "The director [of the internal auditing department] should have direct communication with the board [of directors]. Regular communication with the board helps assure independence. . ." (Para. 110.2.) "The director of internal auditing should submit activity reports to senior management and to the board annually or more frequently as necessary. Activity reports should highlight significant audit findings and recommendations and should inform senior management and the board of any significant deviations from approved work schedules, staffing plans, and financial budgets, and the reasons for them." (Para. 110.6.) Standards for the Professional Practice of Internal Auditing, The Institute of Internal Auditors, Altamonte Springs, Florida, 1997.

[22] The IAWGE is giving active consideration to the development of common guidelines for monitoring and evaluation.

Annex

BRIEF DESCRIPTION OF HOW INTERNAL OVERSIGHT IS CONDUCTED IN UNITED NATIONS SYSTEM ORGANIZATIONS

United Nations, Specialized Agencies, and IAEA

United Nations. The Office of Internal Oversight Services (OIOS) has responsibility for conducting all five elements of internal oversight. The Office is headed by an Under-Secretary-General, who reports to the Secretary-General. The Office consists of: the Audit and Management Consulting Division; the Investigations Section; the Evaluation Unit; and the Monitoring and Inspection Unit. The head of each reports directly to the Under-Secretary-General for OIOS. The Under-Secretary-General prepares an annual summary activity report that the Secretary-General submits to the General Assembly, with his own separate comments attached. The Under-Secretary-General also may make individual reports available to the General Assembly, again with the separate comments of the Secretary-General. The Office provides copies of its reports to the United Nations Board of Auditors and JIU, and each may comment, as appropriate, on them for the General Assembly.

ILO. The Bureau for Programming and Management has responsibility for conducting all five elements of internal oversight. The Bureau is headed by a D-2, who reports directly to the Director-General. Responsibility for oversight is divided among three units in the Bureau, with Internal Audit responsible for audits, inspection and investigations; the Programme and Project Evaluation Unit responsible for evaluations; and the Programme Planning Unit responsible for monitoring. While the Chief Internal Auditor is in the Bureau for administrative purposes, he has total autonomy and independence in his work and direct access to the Director-General. Monitoring activities are conducted by programme managers, with the Bureau responsible for coordinating and establishing relevant policy and guidance. The Internal Auditor submits an annual report on major findings to the Governing Body, and the Programme and Project Evaluation Unit provides regular reports to the appropriate committees of the Governing Body. In addition, the Bureau produces a number of reports and studies for review by legislative organs. The Bureau does not provide, per se, an annual oversight report to the ILO Governing Body. The Internal Auditor provides copies of individual audit reports to the external auditor, currently the Comptroller and Auditor General of the United Kingdom.

FAO. The Office of Inspector-General, headed by a D-2 Inspector-General who reports directly to the Director-General, is responsible for audit, inspection and investigation; the Office of Programme, Budget and Evaluation, headed by a D-2 who reports directly to the Director-General, is responsible for evaluation; and within the Technical Cooperation Department, the Senior Field Operations Inspector is responsible for conducting inspections. Responsibility for monitoring is shared by three units--the Office of Programme, Budget and Evaluation is responsible for overall programme and financial monitoring; the Technical Cooperation Department for overall field programme monitoring; and the Field Operations Division for field project operations monitoring. No formal mechanism coordinates all five elements of oversight in FAO; each unit relies on informal exchange of information where appropriate. The Inspector-General provides an annual summary of activities to the Finance Committee and the Evaluation Service in the Office of Programme, Budget and Evaluation provides evaluation reports to the Programme Committee, Council, and Conference. Copies of internal audit reports are made readily available to the external auditor, currently the Cour des Comptes de France, on request.

UNESCO. The Inspectorate-General, headed by a D-2, is responsible for audit, inspection and investigation; the Central Programme Evaluation Unit, headed by a D-1, is responsible for conducting evaluations and coordinating monitoring activities, which are conducted by programme managers. The Inspectorate-General reports directly to the Director-General, while the Director of the Central Programme Evaluation Unit reports to the Director of the Bureau of Studies, Programming and Evaluation. The Inspectorate-General coordinates all audit, inspection, and investigation activities, and coordinates with the Central Programme Evaluation Unit on an informal basis. The Inspectorate-General does not provide an annual summary of internal oversight activities to the governing body; however, the Central Programme Evaluation Unit does submit reports to the governing body. The Inspectorate-General provides copies of individual audit reports to the external auditor, currently the Office of the Auditor General of Canada.

ICAO. The Office for Programmes Evaluation, Audit, and Management Review is responsible for audit and evaluation. The head of the Office is a D-1, who reports directly to the Secretary-General. Responsibility for the oversight elements is divided among a) the Audit Officer responsible for conducting audits; b) the Evaluation Officer responsible for evaluation studies, as well as developing guidance and policy; and c) the Information Management Officer responsible for developing control standards for information systems and managing a system of internal evaluation of automation projects. Monitoring is conducted by programme managers subject to guidance from the Office. ICAO does not have units for conducting inspections or investigations. The Office submits an annual performance assessment report to the Secretary-General for transmittal to the ICAO Council. The Chief of the Office provides copies of individual audit reports to the external auditor, currently the Office of the Auditor General of Canada.

WHO. The Office of Internal Audit and Oversight is responsible for audit, inspection and investigation. The Office is headed by a D-1 who reports to the Director-General. The Unit of Development of Programme Evaluation is responsible for developing guidance and policy for harmonizing evaluation and monitoring efforts throughout the organisation, both of which are conducted by the various programme divisions. The head of the Unit is a P-6, who reports to the Director of the Division of Development of Policy, Programme and Evaluation. There is no formal mechanism for coordinating all five elements of oversight at the WHO. The Chief Internal Auditor (1) submits an annual summary activity report to the appropriate legislative organs, through the Director-General; (2) can request to send them any individual audit report, through the Director-General; and (3) provides copies of individual audit reports to the external auditor, currently the Office of the Auditor General of South Africa. The Unit of Development of Programme Evaluation also submits an annual summary activity report to the legislative organ.

UPU. A part-time internal auditor, who reports directly to the Director-General, is responsible for audits and, to a very limited degree, investigations. The Finance Unit is responsible for evaluations. UPU does not have a unit to conduct inspections. The Union has no monitoring system and relies upon a quarterly internal report for budget and programmes, as well as a "total quality management" programme, to conduct evaluations. There is no reporting of internal oversight activities to the legislative organ; the internal auditor provides copies of his reports to the external auditor, currently the Swiss Federal Audit Office.

ITU. The internal auditor (P-4), who reports directly to the Secretary-General, is responsible for audits, inspections and investigations. No unit has responsibility for establishing policy and procedures regarding evaluations and monitoring, which are conducted by general and project managers. The internal auditor does not provide an annual activity report to the legislative organ, but does communicate the results of his/her work to the external auditor, currently the Swiss Federal Audit Office.

WMO. The Internal Audit and Investigation Service was established recently (1997) and is responsible for conducting audits, inspections, and investigations. The Chief, a P-5, reports directly to the Secretary-General. Monitoring is the responsibility of individual programme managers. WMO does not have an evaluation unit. The Chief of the Internal Audit and Investigation Service is to submit an annual activity report to the legislative organ, through the Secretary-General who may attach his/her comments. Copies of internal audit reports are given to the external auditor, currently the Cour des Comptes de France.

IMO. The internal auditor (P-4), within the Office of the Secretary-General, is responsible for conducting audits; the Evaluation Unit, also within the Office of the Secretary-General, headed by a P-4, conducts evaluations. Coordination between the two is done within the Office of the Secretary-General. IMO has no units for conducting investigations, inspections and monitoring; however, as the need arises, the Secretary-General establishes an enquiry committee, on an ad hoc basis, to investigate and report to him. Programme managers, who report to the respective directors in charge of major programmes, are directly responsible for monitoring. The directors submit quarterly reports to the Secretary-General. Neither the internal auditor nor evaluation unit provides reports to the legislative organ. Copies of internal audit reports are made available to the external auditor, currently the Comptroller and Auditor General of the United Kingdom.

WIPO. In 1998, the Office of Internal Oversight and Productivity was established and has responsibility for conducting all five elements of oversight. The Office is headed by the Controller, a D-1, who reports to the Director-General and is also directly responsible to the Chairman of the WIPO General Assembly. The Office consists of: the Controller and Deputy Controller; the Internal Auditor, who performs audit, inspections and investigations; the Budget Section, which prepares the programme and budget documents and monitors implementation; and the Evaluation and Productivity Unit, which reviews the performance and efficiency of operations in all areas of the organization. The head of each unit reports directly to the Controller. The Budget Section and the Evaluation and Productivity Unit plan to prepare annual summary reports, for submission to the legislative organ. Currently, the Swiss Federal Audit Office is the external auditor.

UNIDO. The Office of Internal Oversight, headed by a D-1, conducts audits, investigations and inspections, and reports directly to the Director-General. (Audit and inspection are not clearly distinguished in UNIDO.) The Evaluation group, headed by a D-1, is responsible for evaluation, which is strategically guided by the Office of Internal Oversight. The Programme Monitoring unit, headed by a P-5, is responsible for monitoring activities, and reports to the Director of the Executive Office, who reports to the Director-General. The Office of Internal Oversight and the Executive Office work closely together on common issues. There are no formal means for coordination; coordination between the units responsible for conducting oversight is handled on an informal basis, as needed. The Office of Internal Oversight provides a summary of its audit, inspection and investigation activities to the legislative organ and copies of individual audit reports to the external auditor, currently the Federal Court of Audit of Germany. The Evaluation group provides a summary of its activities to the legislative organ, as well as reports on individual findings of programme evaluations initiated by the legislative organ. The Programme Monitoring unit provides to the legislative organ an individual annual summary report. These summaries are included as part of the Director-General's annual report.

IAEA. The Office of Internal Audit and Evaluation Support, headed by a D-1, is responsible for audits, inspections, and investigations, and reports directly to the Director-General. A unit within the Office, headed by a P-5, is responsible for co-ordinating all activities related to IAEA's Programme Performance and Assessment System, which is an integral part of the management system designed to monitor programme performance and impact through regular programme reviews and evaluations. Evaluation is conducted by several units. A specialized unit under the Division of Planning, Co-ordination and Evaluation, within the Department of Technical Co-operation, headed by a P-5, undertakes evaluations of technical co-operation projects. Another specialized unit, within the Department of Safeguards, headed by a P-5, under the Head of the Department, evaluates the effectiveness of the safeguards inspections. The Office of the Director General co-ordinates all oversight activities. The results of oversight activities are not reported to the legislative organs in a consolidated report. Instead the results of the technical co-operation evaluations are reported in summary form to the legislative organs and the results of the safeguards inspection evaluations are incorporated in the Annual Safeguards Implementation Report submitted to the legislative organs. The Office of Internal Audit and Evaluation Support does not present an annual activity report to the legislative organ, and instead submits reports to the Director General and copies of such reports are make available to the external auditor, currently the Comptroller and Auditor General of the United Kingdom.

United Nations Operational Funds and Programmes

International Trade Centre (ITC). OIOS has responsibility for providing audit, investigation and inspection services. The OIOS Audit and Management Consulting Division conducts audits; the OIOS Investigations Section conducts investigations; and the OIOS Central Monitoring and Inspection Unit conducts inspections. The Corporate Strategy and Quality Assurance Unit, within the Office of the Executive Director, is responsible for both evaluation and monitoring activities. There is no formal mechanism for coordinating all five elements of oversight at ITC. OIOS coordinates with the Division of Administration on audit matters, while the Corporate Strategy and Quality Assurance Section coordinates the evaluation and monitoring elements. Summaries of the audit, investigation and inspection activities conducted by OIOS are included in its annual report for the General Assembly. The results of evaluation activities are included in the Executive Director's annual report, and evaluation reports also are sent to donors. OIOS also shares audit reports with the United Nations Board of Auditors, the external auditor.

United Nations Centre for Human Settlements (UNCHS/Habitat). Oversight is conducted by several internal units and OIOS. The OIOS Audit and Management Consulting Division provides audit services and the OIOS Central Monitoring and Inspection Unit provides inspections. An internal UNCHS panel, appointed by and reporting to the Executive Director, handles all investigations. A P-4 evaluation officer, within the Office of the Director, is responsible for conducting evaluations and monitoring. The Office of the Executive Director supervises all elements of internal oversight, and ensures functional coordination. Where appropriate, OIOS includes a summary of audit, evaluation, and inspection results in its annual report to the General Assembly. OIOS also shares audit reports with the United Nations Board of Auditors, the external auditor.

United Nations International Drug Control Programme (UNDCP). Oversight is conducted by several internal units and OIOS. The OIOS Audit and Management Consulting Division provides audit services and the OIOS Central Monitoring and Inspection Unit works with UNDCP's Programme Support Service in providing inspections. The Programme Support Service, headed by a D-1, reports directly to the Executive Director and is also responsible for investigations. Monitoring activities are conducted by various units, with the Planning and Evaluation Section responsible for developing and ensuring adherence to the policies for evaluation and monitoring performance and the Operations Branch responsible for monitoring, analysing and reporting on programme activities. The Office of the Executive Director coordinates the work of oversight. OIOS includes coverage of UNDCP audit work in its annual report to the General Assembly; both the Programme Support Service and Operations Branch provide reports to the Executive Director, but no reports are sent to the General Assembly. OIOS shares its audit work with the United Nations Board of Auditors, the external auditor.

United Nations Development Programme (UNDP). The Office for Audit and Performance Review is responsible for audit, inspection and investigation services. The Office is headed by a D-2, who reports directly to the UNDP Administrator. The Evaluation Office, headed by a D-2 and located within the Office of the Administrator, is responsible for conducting evaluations and monitoring. There are no formal means for structuring internal coordination of internal oversight activities; the units rely on informal exchanges of information. The Director of the Office for Audit and Performance Review submits an annual summary of activities to the Executive Board, while the Office of Evaluation prepares reports for both the Administrator and the Executive Board on evaluation and monitoring activities. (The Executive Board has requested a separate evaluation report.) The Office of Audit and Performance Review shares its reports with the United Nations Board of Auditors, the external auditor.

United Nations Environment Programme (UNEP). Oversight is conducted by OIOS and internal UNEP units. The OIOS Audit and Management Consulting Division provides audit services; the OIOS Investigations Section provides investigation services; and OIOS Central Monitoring and Inspection Unit provides inspection services. UNEP's Project Design and Evaluation Unit is responsible for providing evaluation services. The unit is headed by a P-5 who reports to the Deputy Executive Director. Monitoring, within UNEP, is conducted by various units and is structured along thematic lines. Specifically, the Accountability, Monitoring and Reporting Unit handles all programmatic monitoring; the Fund Programme Management Branch monitors all project finances, implementation of individual projects, and outputs; and the Programme Support Services monitors regular budget expenditures and programme support costs. The Chiefs of the Accountability, Monitoring and Reporting and the Fund Programme Management Branch report to the Executive Director. There are no formal means for coordinating internal oversight activities; the units rely on informal exchanges of information. OIOS includes in its annual report a summary of UNEP activities for which it is responsible, including audit, investigation and inspection services. The Project Design and Evaluation Unit prepares an annual evaluation report, which is submitted to the legislative organ. The Fund Management Branch provides reports to the legislative organ on a monthly basis and the Programme Support Services reports to the legislative organ on a monthly basis also. OIOS shares UNEP audit reports with the United Nations Board of Auditors, the external auditor.

United Nations Population Fund (UNFPA). The UNFPA Internal Audit Section of UNDP's Office of Audit and Performance Review provides audit, inspection and investigation services to UNFPA. The Section is headed by a P-5, who reports to the Director of the UNDP Office of Audit and Performance Review, who reports to the UNFPA Executive Director. The Office of Oversight and Evaluation, headed by a D-1 who reports directly to the Executive Director, is responsible of conducting evaluations. Monitoring is conducted by various units and supervised by the geographical divisions at headquarters and in the country offices. Coordination of internal oversight activities is done by the Executive Committee, which is constituted of all senior management, including oversight units. The UNDP Office of Audit and Performance Review submits an annual report covering UNFPA audit, investigation and inspection activities to the Executive Board. The Office of Oversight and Evaluation submits a biennial evaluation report to the Executive Board, and mid-term country programme reviews are submitted to the legislative organ by the geographical divisions. UNFPA audit reports are shared with the United Nations Board of Auditors, the external auditor.

Office of the United Nations High Commissioner for Refugees (UNHCR). The UNHCR Section of the OIOS Division of Audit and Management Consulting provides audit services. This Section, headed by a D-1, communicates audit results to the High Commissioner, but reports to the head of OIOS. UNHCR's Inspection and Evaluation Service, headed by a D-2 and located within the Executive Office of the High Commissioner, conducts investigations, evaluations and inspections. Monitoring is conducted by various units throughout the organization with responsibility assigned at the field level; therefore field staff play a major role in monitoring programme implementation and report to the headquarters divisions. UNHCR relies on an Oversight Committee, chaired by the Deputy High Commissioner, to coordinate internal oversight activities. All heads of internal oversight units are members of the Committee. A summary of audits is submitted to the legislative organ through the annual report of OIOS, which is a public document. The results of investigations are not reported to legislative organs, but only to the High Commissioner. The Inspection and Evaluation Service submits an annual activities report to the legislative organ. All monitoring reports are submitted to Executive Committee. In addition, the Inspection and Evaluations Service provides quarterly inspection and evaluation reports to the Standing Committee. The results of UNHCR audits are shared with the United Nations Board of Auditors, the external auditor.

United Nations Children's Fund (UNICEF). The Office of Internal Audit, headed by a D-2 who reports directly to the Executive Director, is responsible for audits, investigations, and inspections. The Division of Evaluation, Policy and Planning, headed by a D-2 who reports directly to one Deputy Executive Director, is responsible for formulating evaluation policies, procedures and methodologies, and for conducting thematic and strategic evaluations. Monitoring is conducted by programme officers and monitoring/evaluation officers in country and regional offices, and headquarters divisions who report to the Deputy Regional Directors and the Director of the Division of Evaluation, Policy and Planning. UNICEF relies on an Audit Committee, chaired by the Executive Director, to coordinate the work of internal oversight activities. This Committee is composed of the two Deputy Executive Directors and six division Directors, including the directors of oversight units. The Office of Internal Audit provides reports to the Executive Board in special circumstances, through the Executive Director, and will be issuing a summary of internal audit activities beginning in 1998. The Director of the Division of Evaluation, Policy and Planning submits an annual statement to the Executive Board and ad hoc reports. The Office of Internal Audit shares its reports with the United Nations Board of Auditors, the external auditor.

United Nations Institute for Training and Research (UNITAR). The OIOS Audit and Management Consulting Division provides audit services; the OIOS Investigations Section provides investigation services; and the OIOS Central Monitoring and Inspection Unit provides inspection services. UNITAR has no specific units for coordinating monitoring or conducting evaluations. A summary of UNITAR's audit, investigation and inspection activities are included in the annual report of OIOS submitted to the General Assembly. OIOS shares the results of UNITAR audit work with the United Nations Board of Auditors, the external auditor.

United Nations Office for Project Services (UNOPS). The UNDP Office of Audit and Performance Review conducts audits, investigations and inspections. Evaluation is decentralized to the level of the project/programme funding organization and monitoring is done by the Division of Planning, Policy, and Information and by the Division of Finance. The heads of both divisions report directly to the Executive Director. There are no formal means for coordinating internal oversight activities; units rely on informal exchanges of information. The Office of Audit and Performance Review submits an annual report of UNOPS audit, investigation and inspection activities to the Executive Board. There is no external reporting of monitoring and evaluation activities. UNOPS internal audit reports are shared with the United Nations Board of Auditors, the external auditor.

United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). The Internal Audit Office, headed by a P-5 who reports to the Commissioner-General of UNRWA, provides audit, investigation, and inspection services. A Board of Inquiry, an ad hoc working group, or a joint disciplinary committee, also can be established, when appropriate, to deal with investigations. Monitoring and evaluation are conducted by programme managers; no central unit coordinates or establishes monitoring policy and guidance. There are no formal means for coordinating internal oversight activities; units rely on informal exchanges of information. There is no reporting to legislative organs on internal oversight activities.

United Nations University (UNU). The OIOS Audit and Management Consulting Division provides audit services; the OIOS Investigations Section provides investigation services; and the OIOS Central Monitoring and Inspection Unit provides inspection services. Evaluations are conducted by external experts; there is no unit for coordinating or establishing monitoring policy and guidance. There are no formal means for coordination between OIOS and external experts conducting evaluations. OIOS includes a summary of audit, investigation and inspection results in its annual report to the legislative organs and external experts submit their evaluation reports to the UNU Rector, who presents them to the UNU Governing Council. OIOS also shares audit reports with the United Nations Board of Auditors, the external auditor.

World Food Programme (WFP). The Office of Internal Audit, headed by a D-1 within the Executive Office of the Executive Director, conducts audits. The Office of Evaluations, headed by a D-1, within the Executive Office of the Executive Director, conducts evaluations. The Office of Inspections and Investigations, headed by a D-1 within the Executive Office of the Executive Director, conducts inspections and investigations. The regional bureaux conduct and coordinate monitoring activities. Functional coordination of the oversight units is achieved in that all oversight units are located within the Executive Office of the Executive Director and directly supervised by the Deputy Executive Director. The Office of Evaluations submits individual reports to the Executive Board, and the Office of Inspection and Investigation submits an annual summary of its activities to the Executive Board. There is no reporting to legislative organs by the Office of Internal Audit. Internal audit reports are shared with the Cour de Comptes of France, the external auditor. (WFP is a programme established jointly by the United Nations and FAO and therefore is distinguished from other operational funds and programmes.)